Remarks

The Honorable
Ambassador Constance A. Morella
U.S. Mission to the OECD

"New OECD International Tax Initiatives: Looking Ahead"

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Good afternoon, everyone. Thank you, Thelma, and congratulations on your appointment as Deputy Secretary General of the OECD. It's so nice to know we have a safe pair of hands in the Secretariat, representing U.S. interests and fighting the good fight.

I would also like to thank Mr. Charles Heeter, Chairman of the Business and Industry Advisory Committee, Mr. William Parrett, Chairman of the U.S. Council for International Business, and Mr. Jeffrey Owens, of the OECD's Center for Tax Policy and Administration.

I appreciate the opportunity to share the podium with all these smart people at the opening of this conference on new OECD International Tax Initiatives. The OECD, and in particular the Center for Tax Policy and Administration, is always looking ahead for the next challenge and the next opportunity to keep our businesses operating smoothly in a dynamic, rapidly changing world.

This, I believe, is the third time such a conference has been held, and it is the third time I have been invited to give introductory remarks, so I thought I might do something a little bit different this time, to give you the news from the OECD.

As you probably all know, on May 15 outgoing French President Jacques Chirac turned over the reins of power to his successor, Nicholas Sarkozy. In fact, we were treated to front-page photographs of President Sarkozy waving farewell as Citizen Chirac pulled out of the Elysée Palace.

But there was another bit of news last month, and at that very time, which got less press. On May 15 and 16, the OECD held its annual ministerial council meeting, or "MCM", in Paris. I would like to underscore what progress we made at MCM this year and note that, unless you happen to be working and paying taxes in France, specifically, this progress at MCM will probably mean a lot more for you in the tax field than the French Presidential elections.

In the opening session of MCM, the State Department's Deputy Secretary, John Negroponte, set the tone by calling for a renewed partnership around the globe, a renewed partnership with OECD members and non-members alike. Ministers went on the following day to reach agreement to enhance the OECD's relationship with major emerging economies and to open discussions on accession with Chile, Estonia, Israel, Russia and Slovenia. Specifically, MCM approved a package to:

(1) strengthen OECD cooperation with Brazil, China, India, Indonesia and South Africa

(2) extend offers to begin membership negotiations to Chile, Estonia, Israel, Russia and Slovenia

(3) assure potential applicants that the door to the OECD remains open, while making clear that it is not *more* open just because one is a member of the European Union

(4) expand outreach to other countries, with particular attention to Southeast Asia; and

(5) ensure the financial sustainability of the organization
by reforming the way contributions are assessed

I would like to stress that extending offers of membership in the OECD club does not mean any dilution of the membership requirements. Accession candidates will still have to meet the same requirements as earlier members, and it is no foregone conclusion that they will all qualify to join or when, but the process, the process of identifying what it will take for them to join, has begun.

Also, I know that many of you in this room are thinking that for the OECD in general and the Center for Tax Policy and Analysis in particular to be relevant in this world, they are going to have to continue to reach out beyond the core members, and that is precisely what the principles of enhanced engagement and expanded outreach are all about. The nitty-gritty details have still be worked out, but we are essentially seeking a slightly more formal way to draw important countries like Brazil, like China, like India, like South Africa, closer into the fold, and to reach consensus on important issues that maintains the highest possible standard.

I don't want to take up too much time because I see that you have a very full program ahead of you covering issues which are extremely important to U.S. business -- transfer pricing, issues of business re-structuring, tax administration and the Seoul Declaration, follow-through with the PE project, cross-border services and dispute resolution.

As with baking, I leave tax policy to the experts, but in looking over the program, I can't help but notice an analogy here with baking bread.

Some of these projects are fresh-baked and just out of the oven, while others are rising slowly -- hopefully not too slowly -- and still others are at the sticky mess stage where water, flour, yeast and salt have just been combined. Your input to the baking process at every stage is welcome, expected, needed.

With that I would like to turn the podium over to a good friend, former colleague and as of recently, master chef of the House Ways and Means Committee, Congressman Charles Rangel.